

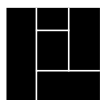
**ECONOMIC STRATEGY
OUTLINE FOR KUTNO,
POLAND**

Prepared for

East European Regional Housing Sector Assistance Project
Project 180-0034
U.S. Agency for International Development, ENI/EEUD/UDH
Contract No. EPE-0034-C-00-5110-00, RFS No. 607

Prepared by

Blaine Liner



THE URBAN INSTITUTE

2100 M Street, NW
Washington, DC 20037
(202) 833-7200
www.urban.org

November 1996
UI Project 06610-607

ECONOMIC STRATEGY OUTLINE FOR KUTNO, POLAND

There are five principles that should be observed in developing the process and product for Kutno's economic development strategy. The principles are outlined in the Pilot LGPP/UIC report *The How and Why of Local Economic Development: Best Practices for Poland's Gminas*. The principles are:

1. Economic development is an ongoing process.
2. A strategic approach makes the most efficient use of resources.
3. Economic development is a public-private partnership.
4. An economic development strategy is built on community values, which provides stability.
5. A realistic economic development strategy is long-term in perspective, while remaining flexible in shorter-term implementation plans and projects.

In order to reflect these principles, it is of highest importance to provide the institutional framework that blends together local views, including those of citizens, businesses, government officials, and interest groups. This is often a very difficult undertaking, but experience tells us that it is worth achieving in order to make sure the resulting strategy not only reflects many points of view but also has a strong chance of being implemented instead of being consigned to a shelf.

The following outline should be considered by Kutno's leadership as it pursues the economic development strategy.

I. THE REGIONAL SETTING: A QUICK START ON THE DATABASE FOR STRATEGIC ANALYSIS

- A. Define the greater region around Kutno for which data are available and for which Kutno expects to be influenced or upon which to exert influence.
- B. With RDA assistance, update economic and demographic information on the defined region, especially data reflecting income, education levels, employment by industry and location, unemployment, product production and shipment, trends in income and population broken out by components.
- C. Develop benchmark data to provide comparisons between Kutno, the Kutno region as defined in step a), the voivodship, and nationally (income, growth of population, sectoral employment, etc.).

II. THE INSTITUTIONAL FRAMEWORK: MANAGING THE PROCESS

- A. Re-assemble the Local Leaders Committee and re-constitute both its membership and charter for this exercise. The assignment should be for them to make sure that input is received from all facets of the community, through meetings, bulletins, focus groups, radio, or any other appropriate outreach techniques. Sub-committees could be formed to address major categories of work listed below. For example, one of the first sub-committees could be assigned to assist the RDA in interpreting the

regional database, helping to define questions that should be explored in more depth, or in helping others understand what the data means with respect to the local economy.

- B. Adopt a schedule of activities and relate them to specific dates so that a timetable can be prepared for all participants.
- C. A study session should be organized around the SCAN and SWOT techniques that need to be used in the development process so that all persons are well acquainted with the purposes and procedures of these techniques. Assignments to the SCAN and SWOT teams should be made.

III. THE SCAN

- A. Inventory of Resources.
 - 1. Assemble information on all financial and technical assistance programs that could be available to Kutno. (Work training, loans, guarantees, incubators, foreign nations, Poland's own assistance programs, etc.)
 - 2. Particular attention should be devoted to becoming informed on education and training programs that will be called upon later to increase the desirability of the Kutno work force.
 - 3. From the RDA effort in step I, the inventory should include relevant information on existing workforce and companies.
- B. Appraisal of the Business Environment
 - 1. A survey of local businesses needs to be undertaken to determine their views about the type and location of development they think would be appropriate and/or possible for the gmina. They should be given the chance to explain why they think these needs exist, and they should be encouraged to list their complaints or views about impediments to economic development.
 - 2. A statement reflecting the relationship between local employees and companies needs to be prepared. A sub-committee could be appointed to determine the content of this statement.
 - 3. Local permitting and regulatory controls should be examined to look for impediments to existing and future businesses.
 - 4. Local utilities and services need to be examined for their adequacy for growth and their efficiency and cost.
 - 5. Finally, a statement could be prepared that summarizes Kutno's relationship with the business community, highlighting the positive features between the gmina, the citizens and the businesses.

C. Analysis of Socio-economic Trends.

1. Distill from step I the information needed to analyze the local circumstance. A long, detailed report is not needed. Especially important here is to develop a regional approach, involving the surrounding gminas as much as possible. The data should reflect employment, income, retail shopping, business location and other economic linkages for the Kutno region.
2. Provide analysis of the database as needed to show basic trends in population, economic factors, and social indicators. Calculate in percentage terms as much as possible to show increases or decreases.
3. Compare outcomes of step 2 above with the nation, the larger Plock region, and other rural regions to develop a picture of how well Kutno is doing.

IV. STRATEGY DEVELOPMENT

A. Community Visioning.

1. A community-wide task force or subcommittee needs to be appointed to help gather the views of an informed Kutno citizenry. The citizens need to have presentations of the socio-economic information developed in earlier steps, above, in order for them to provide informed opinions and suggestions on what Kutno could become over a several-year period, such as for the year 2000 and again in the year 2020.
2. The RDA should provide technical guidance for community visioning events, developing, for example, backward linkage analyses or shift-share analyses that help show likely directions for economic development of the community.
3. Quick targets of opportunity should be listed during this process. Where businesses or citizens know of possible expansions to existing plants or of potential for relocating firms to Kutno, they should be listed and provided to the leadership committee for immediate action. The overall economic development strategy should not hold back existing projects or opportunities.

B. Organizing for Development.

1. A final definition of the "Kutno Area" needs to be expressed after all of the above deliberations. The most likely definition for economic development purposes would include several surrounding gminas. This needs to be specified, and officials representing the newly defined region should all be encouraged to "sign on" to the regional development effort.
2. Selection of the governmental or non-profit agency to be entrusted with leading the area's effort for economic development must be made. Partner agencies should also be enlisted and encouraged to "sign on" with the effort.

3. Partner organizations and agencies should be brought together to form a team approach to development. Each organization has a role to play and it should be delineated, and perhaps timetables should be prepared. For example, the best local vocational education program should be encouraged to take a leading role in up-grading the Kutno workforce to meet exacting and difficult standards of incoming employers.

C. SWOT Analysis.

1. An analysis team of local leaders should be appointed to undertake the SWOT analysis (looking at Strengths, Weaknesses, Opportunities, and Threats). This is a particularly important undertaking and should have the direct involvement of the Mayor, the President of the Chamber of Commerce, and other high-ranking individuals. The results of this analysis will greatly influence the strategy adopted for Kutno.

D. Prepare the Strategy Document.

1. The strategy document should be prepared to reflect the essence of the SWOT analysis, the regional database, the community vision, and the SCAN for development assets. It should set a direction and point out the main players, and it should provide a timetable for accomplishment of the many tasks that will be listed. It tells the reader what Kutno expects to accomplish, over what time period, and who will be in charge of various activities.

V. IMPLEMENTATION

A. Local Tools for Implementing the Strategy.

1. In order to create jobs and increase income and economic stability, the gminas involved should take the lead in reviewing the tools available to assist the private sector as it takes on the role of creating jobs. A complete review of the gminas' assets. This may include land that is available, even buildings that can be converted from prior uses, and may also include the ability to relocate or build roads, sewers, and other infrastructure items. For the most part, this level of assistance involves the conversion of property not now of great value to those who can add value to it, or in scheduling city workers to build, repair or maintain city-owned structures (roads, drains, etc.) in a way that assists businesses by being timely.
2. A second order of tools needs to be reviewed or authorized. They involve special funding. They might include such items as tax incentives or moratoria, agreements to train workers in special ways, loaning money to the company with some agreed on pay-back schedule, etc.
3. A third level of tools involves designation or formation of special programs that rely on permanent management responsibility, such as incubators for small businesses or development of the Kutno Agro-Industrial Park.

B. Performance Monitoring

1. It is always advisable to agree on the terms upon which one's performance is to be judged. For the economic development strategy, the leadership should think through the primary indicators they want to measure over the next several years so they can decide if they are making progress or not. Usual indicators would be rate of percentage increases in personal income, increases in employment, reduction in unemployment rates, new jobs created, new plants coming to the area, expansions of existing plants, and so forth. Indicators should be selected and defined. Intervals for measurement need to be determined (quarterly, annually, etc.). The manner of reporting and to whom should be stated. The specific statistics that will be used need to be identified. The method of generating the data should be specified (survey, agency records, telephone interviews, etc.).